



VIDEO DATA SYSTEMS.

653 Old Willets Path, Hauppauge, New York 11788
516 / 231-4400 Fax 516 / 231-4405

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

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JUN 21 1993

Ms. Donna Searcy
Secretary
Federal Communications Commission
Room 22
1919 M Street NW
Washington, DC 20554

FCC MAIL BRANCH

Re: PETITION FOR RECONSIDERATION -- MM DOCKET 92-266
IMPLEMENTATION OF SECTIONS OF THE CABLE TV CONSUMER
PROTECTION ACT OF 1992 CONCERNING RATE REGULATION

Dear Ms. Searcy:

We urge the FCC to reconsider the initial benchmark rate approach and associated tables and worksheets set out in your Report and Order and Further Notice of Proposed Rulemaking, FCC 93-177, released May 3, 1993.

The worksheet calculations are geared to favor satellite-delivered channels. They disregard other methods of delivering fully packaged programming to cable systems that will be immeasurably harmed by this discriminatory and irrational distinction.

As the attached article indicates, we operate LAPS, the Laser Auto Promotion Service. We use a laser disc to deliver video material. We most efficiently and effectively use a phone modem to deliver software to control the disc player and update the schedule and promotion aspects of our program service.

LAPS runs on over 20 cable systems with over 1.5 million subscribers. Large and small operators have selected us over our competition due to the fact that we deliver a better service that is more customized to local needs than several satellite providers of similar fare.

We have already learned that one of our New York metro accounts planned on disconnecting us June 21st and switching to our largest competitor (who controls its generic laser disc via satellite delivered data vs. our use of phone modems) due to your proposed rules even though they prefer our service. They are likely to still do so come October unless you adjust your rulemaking to encourage competitive offerings.

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Please do not give any one technology an unfair preference and stifle another as it would be opposite your commission goals as we

PAY-PER-VIEW

Controlling the PPV Barker Channel

Videodisk system lets operators customize their service and their message

BY MATT STUMP

Cable operators looking for more control over their pay-per-view barker channels are turning to Video Laser Systems' videodisk system — the Laser Auto Promotion Service (LAPS) — that lets them program their own preview services.

Each LAPS system can be customized to carry a system's logo, ordering information, and the like. The operator also can pick the movie and event trailers to play, their frequency and the graphic information.

"We like it because we can control it more," said Jane Bulman, marketing director of Suburban Cablevision in East Orange, N.J.

Suburban launched LAPS in January and is one of 21 affiliates, up from the year-ago figure of three. Other new launches include Comcast Cable in Philadelphia and Cablevision Systems in the Bronx, Brooklyn, Boston and Hauppauge, N.Y.

Other LAPS affiliates include Telecommunications Inc. systems in Denver and West Chester, N.Y.; Time Warner Cable in Manhattan; Comcast Cable in Pontiac, Mich.; and TKR Cable in northern New Jersey.

TCI's Viewer Controlled Television test in suburban Denver is using two LAPS videodisks.

More than 1.5 million subscribers have access to LAPS in the 21 systems.

"It's a barker channel in its functionality, but the on-screen look is customized by the affiliate," said Bruce Fogelstrom, VLS's director of business development.

Segments

The company delivers a videodisk to each affiliate every month filled with promotional clips of upcoming movies and events, as well as the system's logo and specific system information on ordering, pricing and pay-per-view channel numbers. The disks are produced by TCI of Colorado, whose Denver-area cable operations use a LAPS system.

Fogelstrom and the system's pay-per-view manager create a computer software program for each cable operator that directs the computer to retrieve video clips and graphics information from the laserdisk. The programming is then transmitted on the system's barker

VLS'S LASER AUTO PROMOTION SERVICE

Video Laser Systems' barker channel laserdisk system gives operators more flexibility in promoting pay-per-view, according to the manufacturer. This schedule is an example of a LAPS program segment used by Comcast Cable in Pontiac, Mich.

1. Play trailers for next four upcoming movies or events.
2. Display schedule for next eight hours.
3. Play the 60-second Playboy At Night promo if it's after 6 p.m.
4. Play the Playboy At Night 15-second ordering information segment.
5. If it's before 6 p.m., play trailers for the movies scheduled from 8 to 11 that evening.
6. Display the schedule for the next six hours.
7. Play this month's special events.
8. Play the "premiering soon" section.
9. Play the next movie trailer with the countdown clock.
10. Display the schedule for the next eight hours.
11. Play the Comcast "how-to-order" spot.
12. Repeat the process.

Source: Comcast Cable

The software program

is typically broken into
eight- to 15-minute
program segments.

channel.

The software program is typically broken into eight- to 15-minute program segments which may begin with three or four movie trailers followed by the movie schedule for the next four hours, according to Fogelstrom.

That could be followed by clips and a schedule for upcoming events that also may include a "premiering soon" section

and a "how-to-order" segment.

"There is a real-time clock in the computer," Fogelstrom said. "If it's 9:02 p.m., the computer can look ahead to the next movie that starts at 9:30 p.m., retrieve the trailer and graphics and put it on the channel."

The clock allows for specific promotions at specific times, Fogelstrom said. For example, a computer program can be written so that promotions for Playboy At Night or Spice can be included after 8 each night.

Windows

The LAPS system also lets operators fill seven promotion "windows" in any program segment and vary each program, Fogelstrom said.

Indeed, TCI of Colorado will use two or three different video clips of the same movie to keep the programming fresh, according to TCI producer Alan Hayden.

Systems pay \$8,995 for the laserdisk player and related equipment, Fogelstrom said, and the monthly laserdisk fee can range from \$700 to \$1,500 depending on how complicated a software program a system wants.

"There can be no limit depending on how complicated and how dynamic a system wants to be," he said.

Some affiliates, such as TCI's system in West Chester, N.Y., use a generic setup, Fogelstrom said. Others, such as TCI of Colorado, include their own interstitial material throughout the channel. A system can integrate its own material by buying a \$1,500 videotape recorder that interfaces with the laserdisk unit.

TCI's Denver system produces two laserdisks a month, replacing its barker channel every two weeks. Comcast's Philadelphia system will adopt the same approach, Fogelstrom said.

Hayden said the biweekly format gives the system even more flexibility in promoting pay-per-view.

The downside to a monthly format occurs when an event is scheduled near the beginning of a month, Bulman said. For example, Hayden needed video footage of the June 7 George Foreman-Tommy Morrison pay-per-view fight by mid-April for production purposes — a request that Bulman said was difficult to fill.

Operators can get around that by plac-

PAY-PER-VIEW

Videodisk System Lets Operators Customize PPV Messages

ing more video promotions on a separate videotape machine and integrating it into the LAPS system at any time, Fogelstrom said.

Even late-breaking information, such as ESPN's college football pay-per-view schedule, could be integrated at the last minute, according to Hayden. Once football season begins, Hayden can create laserdisk with generic footage of college football games. Fogelstrom can update text and graphics with each system daily through telephone line communication.

As soon as ESPN knows which games will be available on pay-per-view, Fogelstrom can download the information to each LAPS affiliate. The time, team and scheduling information can be placed on the LAPS system, where it can be retrieved and display on the barker channel, Hayden said.

Affiliates

VLS launched its first affiliate in September 1991, when Cable Video Entertainment handled the laserdisk production. But its partnership with VLS dissolved last summer and TCI Colorado became an affiliate. Hayden volunteered to handle production duties by creating a master laserdisk for each MSO.

"It's hard to measure the success of LAPS, but we know that systems with barker channels do better with pay-per-view," Hayden said. "And a dynamic barker channel like LAPS has the greatest impact."

Hayden tries to give each program segment a fresh look by using different video clips of the same movie and relying heavily on voice-overs. "It's important to have a people element involved," he said.

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last minute.

Suburban Cablevision in New Jersey looked at other barker channels, but chose LAPS because it felt the smaller company would respond more quickly to its concerns, Bulman said.

"We're in on the ground floor with them," she said. "We can design the graphics the way we want and have our

logo and ordering information included.

"We're still working out all the bugs, but our buy rates are up."

She attributes that to LAPS and shifting the barker channel from channel 1 to channel 10 on the system.

Compression market

"The big question is how do you actively market all the channels of compression," Hayden said. "The VLS type system becomes more and more valid as we develop technology further. People have an immediate informational need that they are getting from the barker channel."

The human element also is important.

"Not three minutes goes by without a voice-over," Hayden said. "That presents a warm and friendly atmosphere that engages the viewer. That's been the biggest criticism of barker channels."



A Service of:

Video Laser Systems, Inc.

653 Old Willets Path Hauppauge, NY 11788

516-231-4400

Fax: 516-231-4405